

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed range –bound to weak tone on Saturday.

In The News: The recent ban on high –currency notes has affected cotton exports from India. Export of around 1 million bales of cotton crop from India has been delayed following demonetisation. Prices have increased in the domestic market amid lack of availability and buyers could shift to other countries like the United States, Brazil and Africa. India's total exports in the 2016 -17 marketing year that started on October 01, 2016 is likely to be affected. Farmers are not interested in selling as payment in cash is not available currently.

There is decline in cotton supply in Gujarat State amid Rs.500 and Rs.1000 note ban by the Government. From around arrivals of 35,000 bales of cotton during Diwali, arrivals have declined to around 15000 bales. Ginners can pay in cheques only and farmers are not ready to accept cheques. There was no auction on Thursday. Around 20% of the farmers are ready for cheque payment.

According to farmers in the Adilabad district of Andhra Pradesh, the cotton crop has been affected by pink bollworm pest and yields have declined accordingly. The distressed farmers have been appealing to the government to assist them in this regard. The farmers want to replace cotton crop with wheat and chickpea crops and want the State government to supply them with seeds of two crops. The pink bollworm destroyed crops in Tamsi, Talamadugu, Vankidi, Indravelli, Kerameri and Kagaznagar.

India exported 1.812 lakh bales of cotton last week (14 -20 November 2016), which was 1.333 lakh bales previous to last week (07 -13 November 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (14 -20 November, 2016) was China. According to the data released by IBIS and compiled by Agriwatch, China imported 1.071 lakh bales of cotton from India in the past week (14 -20 November, 2016). Other major importers were Bangladesh, Pakistan, Vietnam and Thailand and their imported volumes were 0.407, 0.095, 0.086 and 0.035 lakh bales respectively.

India the largest producer of cotton is likely to buy up to 2 million bales of cotton this year. Till date India has imported around 1.5 million bales of cotton and has already signed contracts to purchase an additional 400,00 bales according to government sources. Imports have increased amid lower domestic production and lower prices in the global markets.

Department of Agriculture, Ministry of Agriculture (MoA) in its second advance estimates, has revised the cotton production estimates downwardly for the season 2015-16 at 306.92 lakh bales (of 170 kg each). For the season 2014-15, the estimate was 346.23 lakh bales according to the first advance estimates for the season.

The Foreign Agriculture Services (FAS), division of USDA has lowered the production forecast for India in its latest report to 356 lakh bales. The reason for the downfall in the revision is lower yield expectation in Punjab and Haryana due to the attack of white fly and impact of pink bollworm in Gujarat.

International Fundamentals:

According to International Cotton Advisory Committee (ICAC), world ending stocks of cotton is likely to decline by 7% to 17.8 million tons in 2016 -17 amid reduction of stocks in China. Government in China sold over 2 million tone from its reserves from May through September 2016. Ending stocks in China declined by 13 per cent to 11.3 million tons.

China is having lower stocks of cotton as over 2 million metric tonnes have been sold from May through September 2016. According to International Cotton Advisory Committee (ICAC), world ending stocks of cotton is likely to decline by 7% to 17.8 million tons in 2016 -17 amid reduction of stocks in China. Ending stocks in China declined by 13 per cent to 11.3 million tons. China is currently purchasing from U.S. With the arrival of new crop in the domestic market, Indian cotton is competitive compared to US. India can expect to export cotton to China in the coming weeks.

According to USDA latest report, global 2016/17 cotton ending stocks are revised up this month. World 2016-17 cotton production is projected at 103.28 million bales, around 6.55 per cent above last season. World ending stocks are now projected higher at 88.31 million bales. For India, production is forecast at 27.00 million bales higher than previous month's estimates of 26.50 million bales and India's crop is estimated 2.27 per cent above 2015/16.

Outlook

We expect domestic prices to remain range bound to weak in the near -term.

NCDEX Kapas Futures*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Con_1	-7.50	915	919.5	908.5	910.50	878	-1441	10723	-35
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	167.5	-	-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Updated at 6:27 pm as on 25 –Nov 2016

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-16	-200	19100	19180	18900	19030	359	-149	415	-371
Dec-16	-130	19080	19120	18910	19000	1216	-305	4741	-179

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Nov-16		30		-	-	-
Dec-16			-	-	-	-
	—			-	-	-

(NB: Spread Basis = Spot- Near Month Future)

* Updated at 6:27 pm as on 25 –Nov 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	26-Nov-16	25-Nov-16	
Gujarat	Ahmedabad	Shankar-6	5300	5250	50
	Gondal	Shankar-6	5345	5340	5
	Rajkot	B.T. Cotton	5400	5390	10
	Patan	B.T. Cotton	5185	Closed	-
	Kadi	B.T. Cotton	5275	5300	-25
	Deesa	B.T. Cotton	Closed	Closed	-
	Dhrol	B.T. Cotton	5260	Closed	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5380	5350	30
	Bhiwani	Desi	4400	4450	-50
	Adampur	B.T. Cotton	5185	5210	-25
	Fatehabad	B.T. Cotton	5250	5250	Unch
	Jind	B.T. Cotton	5240	5230	10
	Uchana	B.T. Cotton	5280	5280	Unch
	Dabwali	B.T. Cotton	5125	5150	-25
Rajasthan	Hanumangarh	B.T. Cotton	5225	5250	-25
	Rawatsar	B.T. Cotton	5225	5200	25
Madhya Pradesh	Khandwa	Mech-1	5120	5100	20
	Khargaon	Mech-1	5150	5160	-10
Maharashtra	Amravati	Mech-1	4925	4925	Unch
	Jamner	Medium Staple	4950	5019	-69
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4840	4830	10
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5345	5665	-320
	Hubli	D.C.H.	NA	5555	-
	Hubli	B.T. Cotton	NA	6539	-
	Raichur	H-44 Cotton	NA	5100	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	26-Nov-16	25-Nov-16	
Punjab	Bhatinda	J-34	4115	4135	-20

	Abohar	J-34	4110	4140	-30
	Mansa	J-34	4115	4135	-20
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4010	4040	-30
Rajasthan	Sri-Ganganagar	J-34	3760	3760	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	26-Nov-16	25-Nov-16	
Gujarat	Ahmedabad	Shankar-6	25500	25500	Unch
	Gondal	Shankar-6	2377	3242	-865
	Rajkot	B.T. Cotton	4400	4000	400
	Patan	B.T. Cotton	14675	Closed	-
	Kadi	B.T. Cotton	35000	25000	10000
	Deesa	B.T. Cotton	Closed	Closed	-
	Dhrol	B.T. Cotton	90	Closed	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	50	50	Unch
	Adampur	B.T. Cotton	1190	1360	-170
	Fatehabad	B.T. Cotton	700	700	Unch
	Jind	B.T. Cotton	85	100	-15
	Uchana	B.T. Cotton	750	750	Unch
	Dabwali	B.T. Cotton	1300	850	450
Rajasthan	Hanumangarh	B.T. Cotton	1600	1500	100
	Rawatsar	B.T. Cotton	1500	600	900
Madhya Pradesh	Khandwa	Mech-1	1450	2000	-550
	Khargaon	Mech-1	8400	8120	280
Maharashtra	Amravati	Mech-1	580	550	30
	Jamner	Medium Staple	29	61	-32
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	8055	12048	-3993
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	950	1210	-260
	Hubli	D.C.H.	NA	328	-

	Hubli	B.T. Cotton	NA	8	-
	Raichur	H-44 Cotton	NA	1530	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	26-Nov-16	25-Nov-16	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	850	680	170
	Mansa	J-34	510	510	Unch
Haryana	Sirsa	J-34	1700	1190	510
Rajasthan	Sri-Ganganagar	J-34	100	200	-100

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				25-Nov-16	24-Nov-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27000	27000	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28000	28000	Unch
J-34(202)	26mm	3.5 - 4.9	23	37900	37800	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38700	38600	100
Shankar-6(105)	29mm	3.5 - 4.9	28	39200	39100	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40100	40000	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40900	40800	100
DCH-32(107)	34mm	3.0 - 3.8	33	54000	54000	Unch

Cotton Seed Oil Prices
Refined Cotton Seed Oil at Key Centers:

Centre	Unit	Price		Change
		26-Nov-16	25-Nov-16	
Rajkot	Rs. /10 Kg.	680	675	5
New Delhi	Rs. /10 Kg.	670	675	-5
Hyderabad	Rs. /10 Kg.	670	670	Unch
Mumbai	Rs. /10 Kg.	670	675	-5

Cotton Seed Oil Seed Cake Prices
Cotton Seed Oil Cake Prices at Key Centers:

Centre	Unit	Price		Change
		26-Nov-16	25-Nov-16	
Mahesana (Kadi)	Rs./Qtl	1996	2005	-9
Akola	Rs./Qtl	1947	1950	-3

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 25-November-2016		
Index	RMB/Ton	Change
CCIndex(328)	15962	26
CCIndex(527)	14896	20
CCIndex(229)	16269	33
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 25-November-2016		
Index	Cents/lb	Change
FC Index (S)	84.09	Unch
FC Index (M)	81.08	Unch
FC Index (L)	79.09	Unch

Cotlook Index: As on 25-November-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	80.20	Unch

USDA Cotton Spot Rates: As on 25-November-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	72.75	75.50	NIL
North Delta	71.75	74.50	NIL
South Delta	71.75	74.50	NIL
East TX-OK	69.25	71.00	1593
West Texas	69.25	71.00	2444
Desert SW	68.00	74.00	89
SJ Valley	69.25	79.15	NIL

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

ICE Cotton Futures (Prices in cents/lb.): Ason 25-November-2016

Contract	Open	High	Low	Close	Change
Dec-16	72.18	72.80	71.96	72.65	-0.43
Mar-17	71.27	71.48	70.40	71.25	-0.39
May-17	72.00	72.13	71.10	71.90	-0.41
Jul-17	72.20	72.25	71.36	72.17	-0.29
Oct-17	71.50	71.50	71.50	71.50	-0.27
Dec-17	69.50	70.29	69.50	70.22	-0.15

Pakistan Cotton Spot rates: As on 25-November-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6150	135	6285
Equivalent	40 Kgs	6591	145	6736

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